

**HAWAII EMPLOYER-UNION HEALTH BENEFITS  
TRUST FUND**

**ADMINISTRATIVE RULES**

**1.00 General Provisions**

- 1.01 Definitions
- 1.02 Public Information
- 1.03 Computation of Time
- 1.04 Meetings of the Board
- 1.05 Appearances Before the Board
- 1.06 Delegation of Authority
- 1.07 Controlling Law

**2.00 Administrative Procedures**

- 2.01 Adoption, Amendment or Repeal of Rules
- 2.02 Declaratory Rulings
- 2.03 Administrative Appeals

**3.00 Eligibility for Enrollment**

- 3.01 Employee-Beneficiary
- 3.02 Dependent-Beneficiary
- 3.03 Long-Term Care Benefits Plan

**4.00 Enrollment Procedures**

- 4.01 Application for Enrollment
- 4.02 Rejection of an Enrollment Application
- 4.03 Dual or Multiple Enrollments
- 4.04 Cancellation of Erroneous Enrollments
- 4.05 Date of Filing
- 4.06 Failure to File Properly Completed Enrollment Application Within the Prescribed Time; Effect on Coverage Dates
- 4.07 Notification of Changes in Personal Information
- 4.08 Filing Exceptions

**5.00 Enrollment Opportunities and Effective Dates**

- 5.01 Open and Special Enrollment Periods
- 5.02 Enrollment; Effective Dates of Coverage
- 5.03 Changes in Enrollment; Effective Dates of Coverage

**6.00 Continuation, Cancellation, Termination and  
Reinstatement of Enrollment**

- 6.01 Continuation of Enrollment
- 6.02 Contribution Shortages
- 6.03 Cancellation of Enrollment; Effective Dates of Cancellation
- 6.04 Termination of Enrollment; Effective Dates of Termination
- 6.05 Reinstatement of Enrollment; Effective Dates of Reinstatement

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## 1.00 GENERAL PROVISIONS

- 1.01 Definitions
- 1.02 Public Information
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- 1.04 Meetings of the Board
- 1.05 Appearances Before the Board
- 1.06 Delegation of Authority
- 1.07 Controlling Law

### 1.01 Definitions

To the extent not defined below, the definitions in Section 1 of Act 88, SLH 2001 shall apply to these rules. As used in these rules, unless otherwise indicated by the context, the following terms shall have the following meanings:

“Act 88, SLH 2001” means Act 88, Session Laws of Hawaii, Regular Session of 2001.

“Beneficiary” means an employee-beneficiary’s: (1) surviving spouse; (2) unmarried child under the age of nineteen; and (3) unmarried child under the age of twenty-five provided the child is a full-time student.

“Benefits plan” means a health benefits plan, a group life insurance plan that is subject to Section 79 of the Internal Revenue Code, or any other type of benefits plan except for a long-term care benefits plan.

“Board” means the board of trustees of the Hawaii Employer-Union Health Benefits Trust Fund established under Act 88, SLH 2001.

“Child” means a legally adopted child, stepchild, foster child, or recognized natural child of an employee. A foster child is a child that: (1) lives with an employee in a regular parent-child relationship; and (2) the employee has filed a petition with a family court to become the child’s guardian or adoptive parent or has been awarded legal and physical custody of the child pursuant to a valid court order.

“Dependent-beneficiary” shall mean the persons described in Rule 3.02 of these rules as being eligible for coverage as dependent-beneficiaries in the benefits plans offered or sponsored by the Fund.

“Employee” shall have the meaning set forth in Section 1 of Act 88, SLH 2001.

“Employee-beneficiary” shall mean the persons described in Rule 3.01 of these rules as being eligible to enroll as employee-beneficiaries in the benefits plans offered or sponsored by the Fund.

“Employing agency” means; (1) for active employees, the department or subdivision of the state or county that is the appointing authority of the employee; (2) for retired employees or their surviving spouses and dependent children under the age of nineteen who receive retirement or pension allowances, the entity that pays their retirement or pension allowances shall be their employing agency; and (3) for all other employee-beneficiaries, the Fund shall be their employing agency.

“Full-time student” means a student that is enrolled in an accredited college or university for not less than the minimum number of credit hours required by such educational institution to have full-time student status. An accredited college or university means a college or university that is recognized by the American College of Education.

“Fund” shall mean the Hawaii Employer-Union Health Benefits Trust Fund established under Act 88, SLH 2001.

“Fund benefits plan” means a benefits plan offered or sponsored by the Fund.

“Non-Fund benefits plan” means a benefits plan offered or sponsored by a private employer or an entity other than the Fund.

“Qualified beneficiary” shall have the meaning set forth in Section 1 of Act 88, SLH 2001.

“Qualified medical child support order” means any judgment, decree, or order issued by a court of competent jurisdiction that requires the provision of health benefits coverage to a child of a non-custodial parent.

“Retired member” or “retired employee” means a person who is currently receiving a retirement or pension allowance from a state or county retirement system.

“State or county retirement system” means the employees’ retirement system, the county pension system, or the police, fire, or bandsmen pension system of the State or any county.

**1.02 Public Information**

To the extent required by applicable federal or state law, the public records of the Fund shall be available for inspection at the Fund's office during regular business hours. All requests for inspection of public records shall be in writing and addressed to the board or any other person designated by the board to receive such requests. Copies of public records shall be provided upon the payment of the reasonable costs of reproduction and any fees for searching, reviewing and segregating such records. The board shall establish such costs and fees in accordance with applicable federal and state law.

**1.03 Computation of Time**

Whenever a period of time is stated in these rules as a number of days from or after an event: (a) the period shall be computed in calendar days; (b) the day of the event shall not be included in the calculation; and (c) the last day of the period shall be included in the calculation.

**1.04 Meetings of the Board**

- (a) To the extent required by applicable federal or state law, the meetings of the board shall be open to the public.
- (b) The conduct of the board's meetings, notice of meetings, and minutes of meetings shall be governed by Act 88, SLH 2001, and Part I of Chapter 92, Hawaii Revised Statutes. To the extent not inconsistent with Act 88, SLH 2001, and Part I of Chapter 92, Hawaii Revised Statutes, the board may establish additional procedures for the orderly and efficient conduct of its meetings.
- (c) Unless otherwise required by the board or applicable law, the parliamentary procedure to be used by the board in the conduct of its meetings shall be based on the most current edition of Roberts Rules of Order.
- (d) In the event of a deadlock in a vote of the board on the same question or resolution at two successive meetings of the board, the board shall vote on whether or not to engage in dispute resolution. If six trustees of the board vote to engage in dispute resolution, an impartial umpire shall cast the deciding vote on the question or resolution upon which the board has deadlocked. The impartial umpire shall be selected as follows. First, the board shall vote to select an umpire within ten days of the date on which it votes to participate in dispute resolution. If the

board fails to select the umpire within ten days, a trustee representing the public employers and a trustee representing employee-beneficiaries shall meet to select an umpire within seventy-two hours of the adjournment of the meeting at which the board failed to select an umpire. If the two trustees fail to select an umpire within the seventy-two hours, the trustees representing public employers or the trustees representing employee-beneficiaries may petition the Administrative Judge of the First Circuit, Circuit Courts of the State of Hawaii, to select the umpire. As soon as reasonably practicable after the selection of the impartial umpire, the board and the umpire shall meet to deliberate and vote on the question or resolution at issue.

#### **1.05 Appearances Before the Board**

- (a) All persons shall comply with this rule when appearing before the board. Unless otherwise required by applicable federal or state law, the board shall have the discretion to prescribe additional standards and procedures for all appearances and proceedings before the board. The board may waive or suspend the provisions of this rule with respect to any particular appearance or proceeding before it.
- (b) Any person appearing before the board may appear in person, by an officer, partner or regular employee of the party, or be represented by an authorized representative. The board may at any time require any person transacting business with the board in a representative capacity to prove or authenticate the person's authority and qualification to act in such capacity.
- (c) No person who has been associated with the Fund as a trustee, officer, employee or counsel shall represent in any manner any person in connection with a proceeding or matter before the board that was handled or passed upon by that person while associated with the Fund.
- (d) To the extent required by applicable law, the board shall hear oral testimony on any item on the board's agenda, which testimony shall be subject to the following conditions:
  - (1) The board may limit testimony to a specified time period, but in no event less than three minutes;
  - (2) The board may request that the person providing oral testimony submit his or her testimony in writing to the board;

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- (3) The board may refuse to hear any testimony that is irrelevant, immaterial or unduly repetitious; and
  - (4) The board may from time to time impose additional conditions, as are necessary or desirable for the orderly, efficient and convenient presentation of oral testimony to the board.
  - (e) Nothing herein shall require the board to hear oral testimony or receive any evidence on any matter that is the subject of other proceedings before the board or litigation involving the State, the board, any of the trustees, the Fund, or any of the Fund's officers or employees.

#### **1.06 Delegation of Authority**

To the extent permitted by law, the board may delegate authority to act on its behalf in accordance with board policies and standards to a committee of the board, an administrator, a carrier, a third party administrator, or to such other persons and entities as it deems necessary or reasonable for the effective and efficient administration of the Fund and the provisions of Act 88, SLH 2001; provided, however, that nothing in this rule shall permit the board to delegate its power to adopt, amend or repeal any rules.

#### **1.07 Controlling Law**

To the extent that federal or state law governs any matter covered by these rules, the Fund and the board shall comply with and follow such federal or state law. To the extent that any matter is not completely governed by federal or state law, the Fund and the board shall apply these rules to the maximum extent reasonable and practicable.

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## 2.00 ADMINISTRATIVE PROCEDURES

- 2.01 Adoption, Amendment or Repeal of Rules
- 2.02 Declaratory Rulings
- 2.03 Administrative Appeals

### 2.01 Adoption, Amendment or Repeal of Rules

- (a) The board may adopt, amend or repeal any rule of the Fund upon a motion of any trustee or upon the petition of an interested person or organization.
- (b) In the case of an interested person or organization, the petition shall be in writing and shall be submitted in duplicate to the board. The petition need not be in any particular form but shall contain:
  - (1) The petitioner's name, address, and telephone number;
  - (2) A statement of the nature of the petitioner's interest;
  - (3) A statement of the reasons for the proposed rule, amendment or repeal;
  - (4) A draft of the proposed rule, amendment or repeal; and
  - (5) The signature of the petitioner.

The board may reject any petition that does not contain the foregoing information.

- (c) The board shall determine whether to deny or proceed with a petition within a reasonable period of time. If the petition is denied, the board shall notify the interested person or organization in writing of the denial and the reasons for such denial.
- (d) If the board decides to proceed with any proposed rule change, whether by a trustee or interested person or organization, it shall consult with employers and affected employee organizations with regard to the proposed rule change.
- (e) After the consultation provided for in subsection (d), the proposed rule change shall be considered for adoption at an open meeting of the board that permits the attendance of interested persons.



- (f) All proposed rule changes shall be adopted by the board in accordance with the provisions of Act 88, SLH 2001.
- (g) New rules, amendments or repeals of rules that are adopted by the board shall be submitted to the governor for approval and filed with the lieutenant governor's office.
- (h) Unless some other date is expressly selected by the board, a new rule, amendment of a rule, or repeal of a rule shall be effective ten days after the rule, amendment or repeal is filed with the lieutenant governor's office.

## **2.02 Declaratory Rulings**

- (a) Any interested person may petition the board for a declaratory ruling as to the applicability of any statutory provision administered by the board or of any rule or order of the Fund.
- (b) Every petition shall be in writing and shall be submitted in duplicate to the board. The petition need not be in any particular form but shall contain the following:
  - (1) The petitioner's name, address, and telephone number;
  - (2) A designation of the specific statute, rule or order in question;
  - (3) A statement of the nature of the petitioner's interest, including the reasons for the submittal of the petition;
  - (4) A complete statement of the relevant and material facts;
  - (5) A statement of the position or contentions of the petitioner; and
  - (6) A full discussion of the reasons, including any legal authorities, in support of the petitioner's position or contention.

The board may reject any petition that does not contain the foregoing information or does not conform to the foregoing requirements.

- (c) The board may refuse to issue a declaratory ruling for good cause. Without limiting the generality of good cause, the board may refuse to issue a declaratory ruling if:

- (1) The question raised is purely speculative or hypothetical;
  - (2) Petitioner's interest is not of the type or nature that would give petitioner standing to maintain an action if the petitioner were to seek judicial relief;
  - (3) The issuance of a declaratory ruling may adversely affect the interests of the State, the board, any of the trustees, the Fund, or any of the Fund's officers or employees in litigation which is pending or reasonably expected to arise in the future; or
  - (4) The matter is not within the jurisdiction of the board.
- (d) Where any question of law is involved, the board may seek the assistance of the state attorney general in reviewing the matter. The board may also seek the assistance of other government agencies when necessary or desirable.
- (e) The petition shall either be rejected in accordance with subsection (c) or acted upon by issuance of an order within a reasonable period of time. Upon the disposition of the petition, the board shall promptly notify the petitioner.
- (f) Orders disposing of petitions will have the same status as other agency orders. An order will be applicable only to the fact situation alleged in the petition or as set forth in the order. An order will not be applicable to different fact situations or where additional facts exist that were not considered in the order.

### **2.03 Administrative Appeals**

- (a) A person aggrieved by one of the following decisions by the Fund may appeal to the board for relief from that decision:
- (1) A determination that the person is not an employee-beneficiary, dependent-beneficiary or qualified beneficiary, or that the person is not eligible to enroll in or be covered by a benefits plan offered or sponsored by the Fund;
  - (2) A determination that the person cannot make a change in enrollment, a change in coverage, or a change in plans;

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- (3) A cancellation or termination of the person's enrollment in or coverage by a benefits plan offered or sponsored by the Fund;  
or
  - (4) A refusal to reinstate the person's enrollment in or coverage by a benefits plan offered or sponsored by the Fund.
- (b) In order to appeal to the board for relief, an aggrieved person must file a written appeal in the Fund's office within thirty days of the date of the decision with respect to which relief is requested. The written appeal shall be filed in duplicate. Unless otherwise provided by applicable federal or state law, the board shall not be required to hear any appeal that is filed after the thirty-day period has expired.
- (c) The written appeal need not be in any particular form but shall contain the following information:
- (1) The aggrieved person's name, address and telephone number;
  - (2) A statement of the nature of the aggrieved person's interest, e.g., employee-beneficiary or dependent-beneficiary;
  - (3) A description of the decision with respect to which relief is requested, including, the date of the decision;
  - (4) A complete statement of the relevant and material facts;
  - (5) A statement of the position or contentions of the aggrieved party; and
  - (6) A full discussion of the reasons, including any legal authorities, in support of the aggrieved party's position.

Subject to applicable federal and state law, the board may reject any appeal that does not contain the foregoing information.

- (d) The board at any time may request the aggrieved person or any other party to the proceeding to submit a statement of additional facts or a memorandum, the purpose of which is to clarify the party's position or a specific factual or legal issue.
- (e) The board shall grant or deny the appeal within a reasonable amount of time. The board shall not be required to hold a hearing on any appeal unless otherwise required by applicable federal or state law. If required to hold a hearing or if it decides to voluntarily hold a hearing

on an appeal, subject to applicable federal or state law, the board may set such hearing before the board, a hearings officer, or any other person or entity authorized by the board to hear the matter in question. Nothing in Rule 2.03 shall require the board to hear or decide any matter that can be lawfully delegated to another person or entity for a hearing and decision.

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### 3.00 ELIGIBILITY FOR ENROLLMENT

- 3.01 Employee-Beneficiary
- 3.02 Dependent-Beneficiary
- 3.03 Long-Term Care Benefits Plan

#### 3.01 Employee-Beneficiary

- (a) Subject to Rules 5.02, 5.03, 6.03 and 6.04, the following persons shall be eligible to enroll as employee-beneficiaries in the benefits plans offered or sponsored by the Fund:

- (1) An employee;
- (2) An employee who retired prior to 1961;
- (3) The surviving spouse of an employee who is killed in the performance of the employee's duty, provided the spouse does not remarry;
- (4) The unmarried child of an employee who is killed in the performance of the employee's duty, provided the child is under the age of nineteen and does not have a surviving parent that is eligible to be an employee-beneficiary;
- (5) The surviving spouse of a deceased retired employee, provided the surviving spouse does not remarry; and
- (6) The unmarried child of a deceased retired employee, provided the child is under the age of nineteen and does not have a surviving parent that is eligible to be an employee-beneficiary.

With respect to subsections (3) and (5), a surviving spouse ceases to be an eligible employee-beneficiary once the spouse remarries even though the spouse may subsequently become single again as a result of an annulment, divorce, legal separation or death. With respect to subsections (4) and (6), an unmarried child ceases to be eligible as of midnight of the child's nineteenth birthday.

- (b) Notwithstanding any other provision in these rules to the contrary, an employee-beneficiary who is eligible to enroll in the Medicare Part B medical insurance plan shall not be eligible for coverage under any

benefits plan offered or sponsored by the Fund until the employee-beneficiary enrolls in the Medicare Part B medical insurance plan.

### **3.02 Dependent-Beneficiary**

- (a) Subject to Rules 5.02, 5.03, 6.03 and 6.04, the following persons shall be eligible for coverage as dependent-beneficiaries in the benefits plans offered or sponsored by the Fund:
- (1) An employee-beneficiary's spouse;
  - (2) An employee-beneficiary's unmarried child, provided the child is either under the age of nineteen or a full-time student and under the age of twenty-five;
  - (3) An employee-beneficiary's unmarried child, regardless of age, who is incapable of self-support because of a mental or physical incapacity that existed prior the child reaching the age of nineteen; and
  - (4) A child that an employee-beneficiary must provide health benefits coverage for under the terms of a qualified medical child support order.

With respect to subsection (2), an unmarried child ceases to be eligible as of midnight of the child's nineteenth or twenty-fifth birthday, as applicable. In addition, as a condition of eligibility for any child over the age of nineteen, the employee-beneficiary shall provide the Fund with written proof reasonably satisfactory to the Fund of the full-time student status of such child. Such written proof shall be provided at such times and in such form as the Fund may from time to time direct.

- (b) Notwithstanding any other provisions in these rules, a dependent-beneficiary who is eligible to enroll in the Medicare Part B medical insurance plan shall not be eligible for coverage under any benefits plan offered or sponsored by the Fund until the dependent-beneficiary has enrolled in the Medicare Part B medical insurance plan.

### **3.03 Long-Term Care Benefits Plan**

The following persons shall be eligible for any long-term care benefits plans offered or sponsored by the Fund, provided that they comply with the age, enrollment, medical underwriting and contribution requirements of such plans:

- (a) Employee-beneficiaries and their spouses, parents, and grandparents;
- (b) Employee-beneficiaries' in-law parents and grandparents; and
- (c) Qualified-beneficiaries who enroll between the ages of twenty and eighty-five.

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#### 4.00 ENROLLMENT PROCEDURES

- 4.01 Application for Enrollment
- 4.02 Rejection of an Enrollment Application
- 4.03 Dual or Multiple Enrollments
- 4.04 Cancellation of Erroneous Enrollments
- 4.05 Date of Filing
- 4.06 Failure to File Properly Completed Enrollment Application Within the Prescribed Time; Effect on Coverage Dates
- 4.07 Notification of Changes in Personal Information
- 4.08 Filing Exceptions

##### 4.01 Application for Enrollment

- (a) An employee-beneficiary shall file an enrollment application to enroll, change or cancel an enrollment in any benefits plan offered or sponsored by the Fund.
- (b) The board shall from time to time set the standards and procedures for filing such enrollment applications, including, but not limited to, the form of such enrollment applications, the information required to be provided by the employee-beneficiary on such enrollment applications, and the method for filing such enrollment applications. Enrollment applications shall include the employee-beneficiary's authorization to the state comptroller or the appropriate county director of finance to assign sufficient compensation to the Fund in payment of all contributions due from such employee-beneficiary for enrollment or coverage in any and all Fund benefits plans.
- (c) A representative of an employee-beneficiary may file an enrollment application for the employee-beneficiary if:
  - (1) The representative has a written authorization signed by the employee-beneficiary that authorizes the representative to file such enrollment applications; or
  - (2) A valid court order authorizes the representative to file such enrollment applications.



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**4.02 Rejection of an Enrollment Application**

- (a) Any enrollment application may be rejected if it is incomplete or does not contain all information required to be provided by the employee-beneficiary.
- (b) An enrollment application shall be rejected if:
  - (1) The application seeks to enroll a person who is not eligible to enroll in the benefits plan for which enrollment is requested;
  - (2) The application is not filed within the time limitations prescribed by these rules;
  - (3) The application contains an intentional misstatement or misrepresentation of a material fact or contains other information of a fraudulent nature;
  - (4) The employee-beneficiary owes past due contributions or other amounts to the Fund; or
  - (5) Acceptance of the application would violate applicable federal or state law or any other provision of these rules.
- (c) Notification shall be sent to the employee-beneficiary of the rejection of any enrollment application.

**4.03 Dual or Multiple Enrollments**

- (a) No person may be enrolled simultaneously in any benefits plan offered or sponsored by the Fund as both an employee-beneficiary and a dependent-beneficiary, nor may unmarried children be enrolled by more than one employee-beneficiary. The Fund shall cancel any and all such dual coverage enrollments.
- (b) Where an employee-beneficiary files more than one enrollment application, the enrollment application bearing the latest filing date shall be the one used by the Fund to process the employee-beneficiary's enrollment, provided the employee-beneficiary is eligible for such enrollment.

**4.04 Cancellation of Erroneous Enrollments**

The enrollment of any ineligible person who was permitted to enroll in error shall be canceled.

- (a) When the person is notified of the error prior to the effective date of the enrollment, the person shall be treated as if the enrollment application was not submitted.
- (b) When the person is notified of the error after the effective date of the enrollment, the enrollment shall be canceled retroactive to the date of enrollment. The board may from time to time set standards and procedures for the Fund's recovery of benefits paid in error and for the refund of any premiums paid by the employee-beneficiary with respect to an ineligible person; provided, however, that any refund of premiums may be conditioned upon the Fund's recovery of benefits paid in error.

**4.05 Date of Filing**

An employee-beneficiary's enrollment application, beneficiary designation, or any other form required to be filed with the Fund shall be deemed to have been filed with the Fund on the date the employee-beneficiary's employing agency or the Fund actually receives the application, beneficiary designation or other form. However, if filed before the time or times prescribed in these rules, an enrollment application, beneficiary designation or other form shall be deemed to have been filed on the date that the person would have been first eligible to file that document.

**4.06 Failure to File Properly Completed Enrollment Application Within the Prescribed Time; Effect on Coverage Dates**

Except as otherwise provided in these rules or by applicable federal or state law, the following shall apply to all applications to enroll in the benefit plans offered or sponsored by the Fund, to add or delete dependent-beneficiaries, or to change enrollments or coverages under Rules 5.02 and 5.03:

- (a) No enrollment of an employee-beneficiary, addition or deletion of a dependent-beneficiary, or change in an enrollment or coverage shall be effective without the filing of a properly completed enrollment application.

- (b) The effective dates of coverage, deletions of coverage, and changes in coverage set forth in Rules 5.02 and 5.03 shall be dependent on the filing of a properly completed enrollment application within thirty-one days of the specified event that allows the filing of the application.
- (c) An employee-beneficiary who fails to file an enrollment application within the time prescribed by subsection (b) or any otherwise applicable rule shall not be permitted to file that application until the next open or special enrollment period.

#### **4.07 Notification of Changes in Personal Information**

Each employee-beneficiary shall immediately notify the Fund directly or through the employee-beneficiary's employing agency of any changes in the employee-beneficiary's name or address, any changes in the employee-beneficiary's marital status, any birth or adoption of a child or other changes in the family status of the employee-beneficiary, and any other material changes in the information previously filed by the employee-beneficiary as part of an enrollment application. Each notice shall be in writing and shall be sent or delivered to the Fund directly or through the employee-beneficiary's employing agency.

#### **4.08 Filing Exceptions**

- (a) Rule 4.06 and the filing times prescribed in these rules shall not apply to the following persons:
  - (1) Retired members who are currently enrolled in a benefits plan offered or sponsored by the Fund;
  - (2) The beneficiaries of a deceased retired member; and
  - (3) The beneficiaries of any employee who is killed in the performance of duty.
- (b) Coverage for the persons covered by subsection (a) shall become effective on the later of:
  - (1) The date of the event that makes the person eligible for enrollment, when a properly completed enrollment application is filed within thirty-one days of the event; or

- (2) The first day of the month following the date the person files a properly completed enrollment application.
- (c) Nothing in Rule 4.08 shall permit an employee-beneficiary or dependent-beneficiary who is eligible to enroll in the Medicare Part B medical insurance plan to be covered under any benefits plan offered or sponsored by the Fund until enrolled in the Medicare Part B medical insurance plan. Further, nothing in this rule is meant to permit the enrollment of any person who is not otherwise eligible for enrollment in the benefits plan offered or sponsored by the Fund.

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**5.00 ENROLLMENT OPPORTUNITIES AND EFFECTIVE DATES**

- 5.01 Open and Special Enrollment Periods
- 5.02 Enrollment; Effective Dates of Coverage
- 5.03 Changes in Enrollment; Effective Dates of Coverage

**5.01 Open and Special Enrollment Periods**

Except as otherwise provided by these rules, an employee-beneficiary may file an enrollment application during an open or special enrollment period to make any one or a combination of specific enrollment changes that have been approved by the board for that open or special enrollment period. The changes that the board may approve include, but are not limited to, changes from non-enrolled to enrolled status, changes between plans, and changes in levels of coverage. All changes made shall become effective on the date approved by the board for the open or special enrollment period.

**5.02 Enrollment; Effective Dates of Coverage**

An employee-beneficiary's eligibility to enroll under this rule is subject to the provisions in Rules 6.03 and 6.04. The effective dates of coverage set forth in Rule 5.02 are subject to the employee-beneficiary filing a properly completed enrollment application as per Rule 4.06.

- (a) New Employee. An employee-beneficiary may enroll in the benefits plans offered or sponsored by the Fund and obtain coverage for eligible dependent-beneficiaries when the employee-beneficiary is first hired as an employee. The effective date of the coverage shall be as follows:
  - (1) When the employee-beneficiary's date of hire is on or between the first and fifteenth of a month, the effective date of coverage shall be the first day of the month following the employee-beneficiary's date of hire; or
  - (2) When the employee-beneficiary's date of hire is on or between the sixteenth and last day of a month, the effective date of coverage shall be the sixteenth day of the month following the employee-beneficiary's date of hire.
- (b) Newly Eligible Employee. An employee-beneficiary (other than a retired member) may enroll in the benefits plans offered or sponsored

by the Fund and obtain coverage for eligible dependent-beneficiaries when the employee-beneficiary first becomes an employee due to a change in employment status. The effective date of the coverage shall be as follows:

- (1) When the change in employment status occurs on or between the first and fifteenth of a month, the effective date of coverage shall be the first day of the month following the change in employment status; or
  - (2) When the change in employment status occurs on or between the sixteenth and last day of a month, the effective date of coverage shall be the sixteenth day of the month following the change in employment status.
- (c) Loss of Coverage in a Benefits Plan Offered by the Fund. An employee-beneficiary may enroll in the benefits plans offered or sponsored by the Fund and obtain coverage for dependent-beneficiaries when the employee-beneficiary loses coverage under the benefits plans offered or sponsored by the Fund because the employee-beneficiary's covering enrollment was terminated or the employee-beneficiary ceased to be eligible as a dependent-beneficiary. The effective date of the coverage shall be the first day following the employee-beneficiary's loss of coverage.
- (d) Loss of Coverage in a Non-Fund Health Benefits Plan. An employee-beneficiary that is eligible, but not enrolled, may enroll in the health benefits plans offered or sponsored by the Fund, and obtain coverage for eligible dependent-beneficiaries, when the employee-beneficiary meets the conditions required for a special enrollment under 26 U.S.C. §9801(f) and the federal regulations enacted under or pursuant to that statute.

The conditions are:

- (1) At the time that coverage under the Fund's health benefits plans were offered to the employee-beneficiary, the employee-beneficiary was covered by a Non-Fund health benefits plan or a COBRA continuation provision; and
- (2) The employee-beneficiary declined coverage under the Fund's health benefits plans because of the employee-beneficiary's coverage under the Non-Fund health benefits plan or a COBRA continuation provision; and

- (3) The employee-beneficiary's coverage under the Non-Fund health benefits plan was terminated as a result of loss of eligibility for that coverage (including as a result of legal separation, divorce, death, termination of employment or reduction of hours of employment) or because employer contributions towards such coverage was terminated; or
- (4) The employee-beneficiary's coverage under the COBRA continuation provision was exhausted.

The effective date of the coverage shall be first day following the date the employee-beneficiary lost coverage under the Non-Fund health benefits plan or the date the employee-beneficiary's COBRA continuation provision coverage was exhausted.

- (e) Enrollment Due to Changes in Marital or Family Status. An employee-beneficiary who has previously declined coverage in the benefits plans offered or sponsored by the Fund may enroll in the Fund benefits plans when the employee-beneficiary gains a dependent through a change in marital or family status, e.g., marriage, birth, adoption, or issuance of a qualified medical child support order. The effective date of the coverage shall be as follows:
  - (1) When the event that permits enrollment occurs on or between the first and fifteenth of the month, the effective date of coverage shall be the first day of the month following the event; and
  - (2) When the event that permits enrollment occurs on or between the sixteenth and last day of the month, the effective date of coverage shall be the sixteenth day of the month following the event.
- (f) Retirement from Active Service. If an employee is not enrolled in any benefits plans offered or sponsored by the Fund immediately prior to retirement from active service, the employee may enroll in such plans and obtain coverage for eligible dependent-beneficiaries upon the employee's retirement. The effective date of the coverage shall be the day following the employee's date of retirement.
- (g) Deferred Retirement. A person may enroll in the benefits plans offered or sponsored by the Fund and obtain coverage for eligible dependent-beneficiaries when that person begins to receive a retirement allowance from a state or county retirement system, provided that the person was not eligible to receive such an allowance

upon termination of active service with the State or county. The effective date of the coverage shall be the day following the person's date of retirement.

- (h) Surviving Spouse or Child. A surviving spouse or unmarried child may enroll in the benefits plans offered or sponsored by the Fund and a surviving spouse may obtain coverage for eligible dependent-beneficiaries upon becoming eligible to enroll in such plans as an employee-beneficiary. The effective date of the coverage shall be the date upon which the surviving spouse or unmarried child becomes eligible to enroll as an employee-beneficiary, e.g., the day after the death of a spouse or parent who was a retired employee or an employee killed in the performance of duty.

### 5.03 Changes in Enrollment; Effective Dates of Coverage

The effective dates of deletions in coverage and changes in coverage set forth in Rule 5.03 are subject to the employee-beneficiary filing a properly completed enrollment application as per Rule 4.06.

- (a) Additions of Dependents Due to Changes in Marital or Family Status.  
An employee-beneficiary may change from self-only to family coverage or may add coverage for dependent-beneficiaries in the Fund benefits plans in which the employee-beneficiary is currently enrolled upon the occurrence of any of the following events: marriage, birth or adoption of a child, addition of a foster child, or the issuance of a qualified medical child support order. The effective date of the change in coverage shall be the date of the event. Notwithstanding the foregoing and Rule 4.06, the effective date of any coverage required under a qualified medical child support order shall be any date set forth in that order. If no date is set forth in the order, the effective date of coverage shall be the date that the order is issued.
- (b) Deletions of Dependents Due to Changes in Marital or Family Status.  
An employee-beneficiary may change from family to self-only coverage or may delete coverage for dependent-beneficiaries in the Fund benefits plans in which the employee-beneficiary is currently enrolled upon the occurrence of any of the following events: divorce or dissolution, annulment, death of a spouse or child, or the end of any required coverage under a qualified medical child support order. The effective date of the change in coverage shall be as follows:
- (1) If the employee-beneficiary gives the appropriate notice to the Fund within thirty-one days of the event, the effective date of the change in coverage shall be the date of the event.



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- (2) Notwithstanding Rule 4.06, if the employee-beneficiary fails to give the appropriate notice to the Fund within thirty-one days of the event, the effective date of the change in coverage shall be the first day of the pay period following receipt of such notice by the Fund.
- (c) Loss of Spouse's Coverage. An employee-beneficiary may change from self-only to family coverage and add a spouse as a dependent-beneficiary in the Fund benefits plans in which the employee-beneficiary is currently enrolled when the spouse has lost coverage in any benefits plan due to an employment termination or other loss of eligibility. The effective date of the change shall be the first day following the spouse's loss of coverage.
- (d) Last Child Becomes Ineligible. An employee-beneficiary may change from family to self-only coverage in the Fund benefits plans in which the employee-beneficiary is currently enrolled when the last of the employee-beneficiary's children becomes ineligible for coverage as a dependent-beneficiary under the benefit plans offered or sponsored by the Fund, e.g., when the child marries, becomes nineteen years of age and is not a full time student, is between nineteen and twenty-five years of age and ceases to be a full time student, or becomes twenty-five years of age. The effective date of the change in coverage shall be the first day following the child's loss of eligibility.
- (e) Allowable Changes Upon Retirement From Active Service. An employee who is actively employed with the State or a county immediately prior to the effective date of the employee's retirement may make the following changes upon retirement:
- (1) If the employee is covered as a dependent-beneficiary by a spouse under a family enrollment, the employee may enroll to receive continuous coverage as an employee-beneficiary under a self-only or family enrollment with the benefits plans offered or sponsored by the Fund; or
  - (2) If the employee is covered as an employee-beneficiary under a self-only enrollment, the employee may enroll to receive continuous coverage under a family enrollment with the benefits plans offered or sponsored by the Fund and include eligible dependent-beneficiaries under such an enrollment; or
  - (3) The employee may change between the benefits plans offered or sponsored by the Fund.

The effective date of any of the foregoing changes in coverage shall be the date of the employee's retirement.

- (f) Mandatory Change to Medicare Supplemental Plan for Retired Employees. An employee-beneficiary shall file an enrollment application to change from a regular health benefits plan enrollment to a Medicare supplemental plan offered by the Fund when the employee-beneficiary becomes eligible to enroll in the federal Medicare Part B medical insurance plan. Notwithstanding Rule 4.06, this change in coverage shall be effective on the later of the following two dates:
  - (1) The date that the employee-beneficiary becomes eligible for Medicare; or
  - (2) The first day of the month in which the Fund receives the employee-beneficiary's enrollment application.
- (g) Changes Between Plans. An employee-beneficiary may change between benefits plans offered or sponsored by the Fund when the employee-beneficiary moves to a residence outside of the geographic areas covered by the employee-beneficiary's present benefits plan. The effective date of the change in plans shall be the employee-beneficiary's date of change in residence.

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**6.00 CONTINUATION, CANCELLATION, TERMINATION AND  
REINSTATEMENT OF ENROLLMENT**

- 6.01 Continuation of Enrollment
- 6.02 Contribution Shortages
- 6.03 Cancellation of Enrollment; Effective Dates of Cancellation
- 6.04 Termination of Enrollment; Effective Dates of Termination
- 6.05 Reinstatement of Enrollment; Effective Dates of Reinstatement

**6.01 Continuation of Enrollment**

Subject to applicable federal and state law, coverage under the benefits plans offered or sponsored by the Fund shall continue:

- (a) While an employee-beneficiary is on any leave of absence, provided the employee-beneficiary pays the full cost of the coverage less any contribution paid by the employer on behalf of the employee-beneficiary as provided by statute, the employer's administrative rules, or an applicable bargaining unit agreement;
- (b) While an employee-beneficiary is on suspension from work for less than thirty-one days, provided that the employee-beneficiary pays the full cost of the coverage less any contribution paid by the employer on behalf of the employee-beneficiary as provided by statute, the employer's administrative rules, or an applicable bargaining unit agreement;
- (c) If an employee-beneficiary is a full-time employee of the Hawaii National Guard who is placed on active military duty; and
- (d) When an employee terminates employment and is rehired by an employing agency within the same pay period or the next consecutive pay period. The employee shall be considered as having transferred employment, shall be treated as if continuously enrolled in the Fund benefits plan in which the employee was enrolled at the time of termination, shall be required to pay the full cost of coverage to the extent that such is not paid by the employee's employer, and shall not be allowed to change between plans unless the employee's current Fund benefits plan is unavailable at the employee's new employment location.

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**6.02 Contribution Shortages**

- (a) A notice of contribution shortage shall be sent to an employee-beneficiary if any portion of the employee-beneficiary's required monthly contributions is not paid or is not withheld from the employee-beneficiary's earnings and transmitted to the Fund. The notice shall be sent within fifteen days of the date on which the required monthly contribution payment was due. The notice shall require the employee-beneficiary to make full payment of the contribution shortage within sixty days of the date on which the required monthly contribution payment was due.
- (b) Regardless of whether or not the notice of contribution shortage is received by the employee-beneficiary, if the employee-beneficiary fails to make full payment of the contribution shortage within thirty days of the date on which such contribution payment was due, the employee-beneficiary's enrollment in the benefit plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under such enrollment shall be canceled as set forth in Rule 6.03(c).
- (c) The Board may delegate authority to cancel enrollment of employee-beneficiaries and dependent-beneficiaries to each county director of finance.

**6.03 Cancellation of Enrollment; Effective Dates of Cancellation**

- (a) Voluntary Cancellation Requested by the Employee-Beneficiary. An employee-beneficiary may voluntarily cancel enrollment in a Fund benefits plan at any time by filing an enrollment application requesting cancellation with the employee-beneficiary's employing agency or the Fund. The cancellation shall be effective on the following dates:
  - (1) If a particular date of cancellation is requested by the employee-beneficiary, the last day of the pay period during which the requested date of cancellation occurs; or
  - (2) If no date of cancellation is requested by the employee-beneficiary, the last day of the pay period during which the Fund receives the employee-beneficiary's request for cancellation.

After the effective date of cancellation, the employee-beneficiary may not re-enroll in any benefits plans offered or sponsored by the Fund until the next open enrollment period.

- (b) Cancellation Due to Ineligibility. If a person is ineligible to enroll in or be covered under a benefits plan offered or sponsored by the Fund, that person's enrollment shall be canceled. The effective date of any such cancellation shall be as stated in Rule 4.04(b).
- (c) Cancellation Due to Failure to Pay Contributions. If an employee-beneficiary fails to make full payment of any required contribution required under any benefits plan offered or sponsored by the Fund, the employee-beneficiary's enrollment and all coverages for dependent-beneficiaries under that enrollment shall be canceled. The effective date of the cancellation shall be the last day of the last pay period for which full and complete payment of the required contributions was received by the Fund.
- (d) Cancellation Due to Failure to Enroll in Medicare. If an employee-beneficiary becomes eligible to enroll in the federal Medicare Part B medical insurance plan and fails to do so, the employee-beneficiary's enrollment in all of the benefits plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment shall be cancelled. If a dependent-beneficiary becomes eligible to enroll in the federal Medicare Part B medical insurance plan and fails to do so, the dependent-beneficiary's coverage in all of the benefits plans offered or sponsored by the Fund shall be cancelled. The effective date of any cancellation under this rule shall be the date upon which the employee-beneficiary or dependent-beneficiary, as applicable, first became eligible to enroll in the federal Medicare Part B medical insurance plan.
- (e) Failure to Comply with Rules. If an employee-beneficiary materially fails to comply with any of the Fund's rules, the employee-beneficiary's enrollment in all of the benefits plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment may be canceled after notice of such has been provided to the employee-beneficiary. The board may set standards and procedures for providing notice to employee-beneficiaries under this rule. The notice shall at a minimum specify how the employee-beneficiary has failed to comply with the Fund's rules, and a date by which the employee-beneficiary must comply with the Fund's rules in order to avoid cancellation. The effective date of the cancellation shall be the date set forth in the notice as to when the employee-beneficiary must comply with the Fund's rules in order to avoid cancellation.

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**6.04 Termination of Enrollment; Effective Dates of Termination**

- (a) Termination Due to Change in Employment Status. An employee-beneficiary's enrollment in all benefits plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment shall be terminated upon the employee-beneficiary's loss of eligibility to participate in such plans due to a change in employment status. The effective date of the termination shall be the last day of the pay period in which the change in employment status occurred.
- (b) Termination Due to Employment Suspension. An employee-beneficiary's enrollment in all benefits plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment shall be terminated when the employee-beneficiary is suspended from employment with the State or county for more than thirty-one days. The effective date of the termination shall be the thirty-first day of the suspension.
- (c) Termination Due to Surviving Spouse's Remarriage. A surviving spouse's enrollment in all benefits plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment shall be terminated upon the spouse's remarriage. The date of the termination shall be the date of the remarriage.
- (d) Termination Due to Child's Loss Of Eligibility. A child's enrollment in all benefit plans offered or sponsored by the Fund shall be terminated upon the occurrence of any of the following events:
  - (1) The child marries;
  - (2) The child enters active military duty;
  - (3) The child reaches the age of nineteen and is not a full-time student in an accredited college or university;
  - (4) The child is between the ages of nineteen and twenty-five and ceases to be a full-time student in an accredited college or university; or
  - (5) The child reaches the age of twenty-five.

Unless provided otherwise by these rules or applicable federal or state law, the effective date of the termination shall be the date of the event.

- (e) Termination Due to Filing of Fraudulent Claims. An employee-beneficiary's enrollment in all of the benefits plans offered or sponsored by the Fund and all coverages for dependent-beneficiaries under that enrollment may be terminated if the employee-beneficiary files fraudulent claims for benefits with the Fund. A dependent-beneficiary's coverage in all of the benefits plans offered or sponsored by the Fund may be terminated if the dependent-beneficiary files fraudulent claims for benefits with the Fund. The effective date of the termination shall be the date that the Fund determines that the employee-beneficiary or dependent-beneficiary, as applicable, has filed fraudulent claims with the Fund.
- (f) Notice to the Fund; Recovery of Benefits. If an event occurs that terminates a person's enrollment under Rule 6.04 or that otherwise makes a person ineligible for continued enrollment or coverage in the benefits plans offered or sponsored by the Fund, that person shall notify the Fund of the event as soon as reasonably practicable. All such notices shall be in writing and shall be sent to the Fund. The Fund shall be entitled to seek recovery of any benefits that were provided to any person after an event that terminated the person's enrollment under Rule 6.04 or that otherwise made that person ineligible for continued enrollment in or coverage by the benefits plans offered or sponsored by the Fund. In seeking to recover benefits under this rule, the Fund shall have the rights of offset and set-off, including without limitation, the right to recover amounts from and out of any and all future benefits payable to the person whose enrollment was terminated or who otherwise ceased to be eligible for continued enrollment or coverage in the Fund's benefits plans.

#### **6.05 Reinstatement of Enrollment; Effective Dates of Reinstatement**

- (a) Reinstatement in Employment. If as a result of an order or award from a court, arbitrator or other entity with proper jurisdiction over the matter, an employee-beneficiary is found to have been wrongfully terminated or suspended and is ordered to be reinstated in state or county employment, the employee-beneficiary shall be reinstated in the same Fund benefit plans from which the employee-beneficiary's coverage was terminated. The effective date of the reinstatement shall be the date of termination so that the employee-beneficiary's coverage is continuous, provided that the employee-beneficiary pays the full cost of such coverage less any contribution paid by the employer on behalf of the employee-beneficiary as provided by statute, the employer's administrative rules, or an applicable bargaining unit agreement. If the full cost of such coverage is not paid, the effective

date of the reinstatement shall be the employee-beneficiary's return to active payroll as follows:

- (1) When the employee-beneficiary returns to the active payroll on or between the first and fifteenth of a month, the effective date of reinstatement shall be the first day of the month following the employee-beneficiary's return to active payroll; or
  - (2) When the employee-beneficiary returns to the active payroll on or between the sixteenth and last day of a month, the effective date of reinstatement shall be the sixteenth day of the month following the employee-beneficiary's return to active payroll.
- (b) Return From an Authorized Leave of Absence; Coverage Provided During Leave by a Non-Fund Benefits Plan. If an employee-beneficiary returns from an authorized leave of absence during which coverage was provided by a Non-Fund benefits plan, the employee-beneficiary may be reinstated in the same Fund benefits plans from which coverage was canceled. The reinstatement shall be effective as of the first day of the pay period following the employee-beneficiary's return from the leave of absence.
- (c) Return From a Leave of Absence Covered by the Family Medical Leave Act (FMLA) Or Uniform Services Employment and Reemployment Rights Act (USERRA). If an employee-beneficiary returns from a leave of absence covered under the FMLA or USERRA and the employee-beneficiary's enrollment in the Fund benefits plans was canceled during that leave of absence, the employee-beneficiary shall be reinstated in the same Fund benefits plans from which coverage was canceled. The reinstatement shall be effective upon the employee-beneficiary's return to work.
- (d) Enrollment in Medicare by a Retired Employee. If the enrollment of an employee-beneficiary or the coverage of a dependent-beneficiary was terminated due to the employee-beneficiary's or dependent-beneficiary's failure to enroll in the federal Medicare Part B medical insurance plan, upon the employee-beneficiary's or dependent-beneficiary's enrollment in such plan and submission of a proper and complete enrollment application to the Fund, the employee-beneficiary or dependent-beneficiary shall be enrolled in or covered by the Medicare supplemental plan offered by the Fund. The coverage shall be effective on the date specified in Rule 5.03(f).